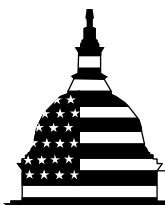

April 2013

AIR FORCE ELECTRONIC SYSTEMS CENTER

Reorganization
Resulted in Workforce
Reassignments at
Hanscom Air Force
Base, but Other
Possible Effects Are
Not Yet Known

**G A O**Accountability * Integrity * Reliability

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE APR 2013		2. REPORT TYPE		3. DATES COVERED 00-00-2013 to 00-00-2013	
4. TITLE AND SUBTITLE Air Force Electronic Systems Center: Reorganization Resulted in Workforce Reassignments at Hanscom Air Force Base, but Other Possible Effects Are Not Yet Known				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) U.S. Government Accountability Office, 441 G Street NW, Washington, DC, 20548				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 33	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			



Highlights of [GAO-13-366](#), a report to congressional committees

Why GAO Did This Study

Electronic command and control systems, which rely on technologies such as radar, satellite, and electronic surveillance, play a critical role in modern-day defense strategy. ESC at Hanscom Air Force Base supported the Air Force's ability to develop and acquire these capabilities. It was inactivated in July 2012 as part of an effort to respond to an initiative by the Office of the Secretary of Defense to reduce civilian positions to fiscal year 2010 levels. The reorganization consolidated ESC into AFLCMC at Wright-Patterson Air Force Base, which manages weapon systems from inception to retirement. Congress directed GAO to assess the effect of the reorganization on Hanscom's mission. This report examines (1) how the reorganization affected reporting chains of command, workforce composition, and the acquisition mission at Hanscom Air Force Base, (2) opportunities and concerns resulting from the reorganization at Hanscom, and (3) what is known about the effects of the reorganization and what metrics have been developed to assess how the new organization is meeting customers' needs. GAO evaluated relevant documentation; reviewed data on eliminated positions; and interviewed Air Force officials, selected contractors based on size and proximity to Hanscom Air Force Base, and Hanscom's primary customers. Results from these interviews cannot be generalized but offer stakeholders' perspectives on the reorganization.

What GAO Recommends

GAO is not making recommendations in this report. DOD provided technical comments, which GAO incorporated as appropriate.

View [GAO-13-366](#). For more information, contact Rebecca Gambler at (202) 512-6912 or gamblierr@gao.gov.

April 2013

AIR FORCE ELECTRONIC SYSTEMS CENTER

Reorganization Resulted in Workforce Reassignments at Hanscom Air Force Base, but Other Possible Effects Are Not Yet Known

What GAO Found

The reorganization of the Air Force Materiel Command (AFMC) affected reporting chains of command and workforce composition for some offices at Hanscom Air Force Base, but did not change how former components of the Electronic Systems Center (ESC) at Hanscom carry out their acquisition mission. Personnel in functional offices who provide technical services previously reported to the locally-based ESC leadership; they now report directly to senior functional managers at Wright-Patterson Air Force Base, who oversee functional offices across all locations of the new Air Force Life Cycle Management Center (AFLCMC) established by the reorganization. In addition, the reorganization eliminated 131 functional office positions (about 10 percent of Hanscom's civilian positions), which AFMC determined were not directly involved with development, delivery, or sustainment of weapon systems. GAO's analysis of Hanscom's data showed that the eliminated positions included 13 which were unfilled; of personnel in the remaining 118 positions, 15 accepted voluntary-separation agreements, 102 were reassigned at Hanscom Air Force Base, and 1 was removed. The reorganization did not change the mission of directorates that deliver electronic capabilities to customers.

Various opportunities and concerns at Hanscom Air Force Base resulted from the reorganization. According to officials at Hanscom and Wright-Patterson Air Force Bases, customers, and contractors, the opportunities include increased focus on life-cycle management of electronic systems, increased collaboration within the command, and greater standardization of processes. Hanscom Air Force Base officials and contractors identified some concerns related to increased workload for functional office personnel due to position eliminations, process delays, the lack of full understanding of Hanscom's programs by AFLCMC officials, and whether Hanscom Air Force Base will continue as the center of electronic systems for the Air Force. However, AFMC and AFLCMC senior officials generally did not see these concerns as significant problems. For example, they stated that AFLCMC's senior functional managers do not require in-depth technical knowledge of Hanscom's programs because the functions, such as financial management, apply across programs. AFLCMC's steps to facilitate the reorganization include establishing a governance structure and communicating with stakeholders.

The effects of the reorganization on Hanscom's core mission of delivering electronic systems to customers are not yet fully known, but AFLCMC has developed metrics to measure how well it is meeting customer needs. Officials stated the changes went into effect only recently and multiple factors unrelated to the reorganization, such as budget changes, may affect the mission. However, AFLCMC developed organizational objectives and associated metrics in areas such as delivering cost-effective acquisition solutions and providing affordable and effective product support. The metrics, while not designed to measure the effects of the reorganization, are intended to measure how AFLCMC is meeting customers' needs. The data for the metrics will be collected by individual offices and aggregated monthly at the AFLCMC level, according to its senior officials.

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Abbreviations

AFLCMC	Air Force Life Cycle Management Center
AFMC	Air Force Materiel Command
DOD	Department of Defense
ESC	Electronic Systems Center
PEO	Program Executive Officer
VERA/VSIP	Voluntary Early Retirement Authority/Voluntary Separation Incentive Payments

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United States Government Accountability Office
Washington, DC 20548

April 25, 2013

Congressional Committees

Electronic command and control systems, which rely on technologies such as radar, satellite, and electronic surveillance, play a critical role in modern-day defense strategy because they enable commanders to make informed decisions and quickly pass those decisions to troops in the field. The Electronic Systems Center (ESC) at Hanscom Air Force Base, Massachusetts,¹ supported the Air Force's ability to develop and acquire these critical capabilities in support of the warfighter. ESC was an Air Force product center² located within the Air Force Materiel Command (AFMC), and was inactivated in July 2012 as part of the larger effort by AFMC to respond to an initiative³ in 2011 by the Office of the Secretary of Defense that required Air Force civilian positions to be reduced to fiscal year 2010 levels. In response, AFMC reorganized its 12 geographically-based centers, including ESC, into 5 mission-based centers, thereby eliminating 1,051⁴ of its approximately 24,000 civilian operations and maintenance positions.⁵ As part of the reorganization, ESC was consolidated into the newly created Air Force Life Cycle Management Center (AFLCMC), headquartered at Wright-Patterson Air Force Base, Ohio, which manages weapon systems, including electronic command-and-control systems, from their inception to retirement. The new

¹The Electronic Systems Center was headquartered at Hanscom Air Force Base and included components at other Air Force locations, such as Maxwell Air Force Base, Gunter Annex, Alabama; Tinker Air Force Base, Oklahoma; Wright-Patterson Air Force Base, Ohio; and Joint Base San Antonio-Lackland, Texas, in addition to other locations.

²Air Force product centers are specialized development organizations that design, acquire, and field new air and space capabilities to the customer.

³See Secretary of Defense, *Resource Management Decision 703A2*, Jan. 25, 2011.

⁴The Air Force has implemented several initiatives to achieve reductions specified in *Resource Management Decision 703A2*, and the service has projected the elimination of 4,216 civilian positions at AFMC from fiscal year 2013 through fiscal year 2017 as a result of these initiatives.

⁵Operations and maintenance appropriations support the training, supply, and equipment maintenance of military units as well as the administrative and facilities infrastructure of military bases. Along with military personnel costs, which are funded with separate military personnel appropriations, operations and maintenance funding is considered one of the major components of DOD's funding for readiness.

organization reached initial operating capability on October 1, 2012, and is expected to reach full operational capability by October 1, 2013.⁶

The Senate Armed Services Committee's report⁷ accompanying the Senate version of the *National Defense Authorization Act for Fiscal Year 2013* directed GAO to assess the effect of the reorganization of ESC on a number of areas, including the acquisition and fielding of integrated capabilities, and the management and integration of administrative functions under the new structure.⁸ This report examines (1) how the reorganization changed the reporting chains of command, workforce composition, and acquisition mission at Hanscom Air Force Base, (2) opportunities and concerns at Hanscom Air Force Base resulting from the reorganization and steps the Air Force has taken to facilitate the reorganization, and (3) what is known about the effects of the reorganization and what metrics the Air Force has developed for assessing how AFLCMC is meeting the needs of its customers.

To determine how the reorganization changed the reporting chains of command, workforce composition, and acquisition mission at Hanscom Air Force Base, we reviewed relevant documentation, including Air Force policy and guidance pertaining to reorganization, reorganization plans, strategic planning documents, process manuals, and organizational charts. We requested and obtained data from Hanscom's personnel officials on the 131 positions eliminated at Hanscom Air Force Base due to the reorganization, and compared these numbers against documentation provided by officials overseeing the reorganization at Wright-Patterson Air Force Base. We also obtained information on the data sources for these numbers, data-gathering techniques, and data quality-control procedures from Hanscom's personnel officials. We found

⁶Initial operational capability was reached with the activation of the 5-center structure; full operational capability will be reached after a transition period that includes the completion of the strategic plan and performance metrics for the new organization.

⁷S. Rep. No. 112-173, at 248 (2012).

⁸Congress also directed the Secretary of the Air Force to have a federally funded research and development center provide an independent review of the proposed reorganization, which was completed in May 2012 by the RAND Corporation's Project Air Force. RAND's review pertained to the reorganization across AFMC and did not focus on a specific center or location, such as ESC at Hanscom Air Force Base. See RAND Project Air Force, *Air Force Materiel Command Reorganization Analysis Final Report*, (Santa Monica, CA: 2012).

these data to be sufficiently reliable for the purposes of our review. In addition, to assess the opportunities and concerns of the reorganization at Hanscom Air Force Base, as well as the steps taken to facilitate its implementation, we reviewed relevant documentation highlighting opportunities and concerns, as well as reviewed documentation of initiatives used to implement the reorganization and to communicate information about it throughout the command. We used our prior work on organizational transformations to assess the Air Force's involvement of relevant stakeholders in the reorganization process and the development of mechanisms to communicate reorganization-related information to them.⁹ Also, to analyze the Air Force's development of metrics to measure how well AFLCMC is meeting the needs of its customers, we reviewed documentation of its objectives and metrics. We also reviewed DOD's guidance directing the development of results-oriented performance metrics to assess the efforts of AFMC and AFLCMC.¹⁰

To address all three objectives, we conducted site visits to both Wright-Patterson Air Force Base and Hanscom Air Force Base and interviewed cognizant officials across AFMC and AFLCMC. We included officials in mission implementation directorates who conduct the acquisition of electronic systems at Hanscom Air Force Base, such as the two program executive officers (PEO) and five system program managers, as well as officials who support them in the functional offices, such as acquisition, contracting, engineering, financial management, and personnel. We selected a nongeneralizable sample of seven contractors, based on their size and proximity to Hanscom Air Force Base, to discuss the effects of the reorganization on their relationship with Hanscom Air Force Base and on their ability to implement the mission in support of the former ESC directorates. Additionally, we requested the names of Hanscom's primary customers, and contacted a nongeneralizeable sample of six primary customers that receive products from both directorates at Hanscom Air Force Base to discuss the effects of the reorganization on cycle-time drivers and fielding timelines. Although views expressed by contractors

⁹See, for example, GAO, *Streamlining Government: Questions to Consider When Evaluating Proposals to Consolidate Physical Infrastructure and Management Functions*, [GAO-12-542](#) (Washington, D.C.: May 23, 2012) and GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformation*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

¹⁰See, for example, U. S. Department of Defense, *Continuous Process Improvement Transformation Guidance* (May 11, 2006).

and customers we interviewed cannot be generalized to the entire population of contractors and customers working with Hanscom Air Force Base, they provide perspectives on how these key stakeholders view the reorganization. Further, we interviewed other officials with knowledge of the reorganization and its effects on Hanscom Air Force Base, including the former ESC senior leadership team, officials from the Office of the Assistant Secretary of the Air Force (Acquisition), and officials from RAND Project Air Force who conducted an assessment of the AFMC reorganization as a whole. The full list of organizations that we contacted appears in appendix I.

We conducted this performance audit from July 2012 to April 2013, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

AFMC, headquartered at Wright-Patterson Air Force Base, Ohio, was created in 1992. It conducts research, development, test and evaluation, as well as provides acquisition-management services and logistics support necessary to ensure the readiness of Air Force weapon systems. AFMC has traditionally fulfilled its mission of equipping the Air Force through: the Air Force Research Laboratory; product centers that develop and acquire the weapon systems; test centers that offer the testing of the systems; and air logistics centers that service, upgrade, and repair the systems over their lifetimes. In addition, AFMC's various specialized centers are designed to perform other functions, including foreign military sales and delivery of nuclear capabilities.

In light of the budget pressures that the Department of Defense (DOD) and, in turn, AFMC faced in recent years, the Office of the Secretary of Defense's *Resource Management Decision 703A2* directed that civilian staffing levels¹¹ for all services be returned to fiscal year 2010 levels.¹² In

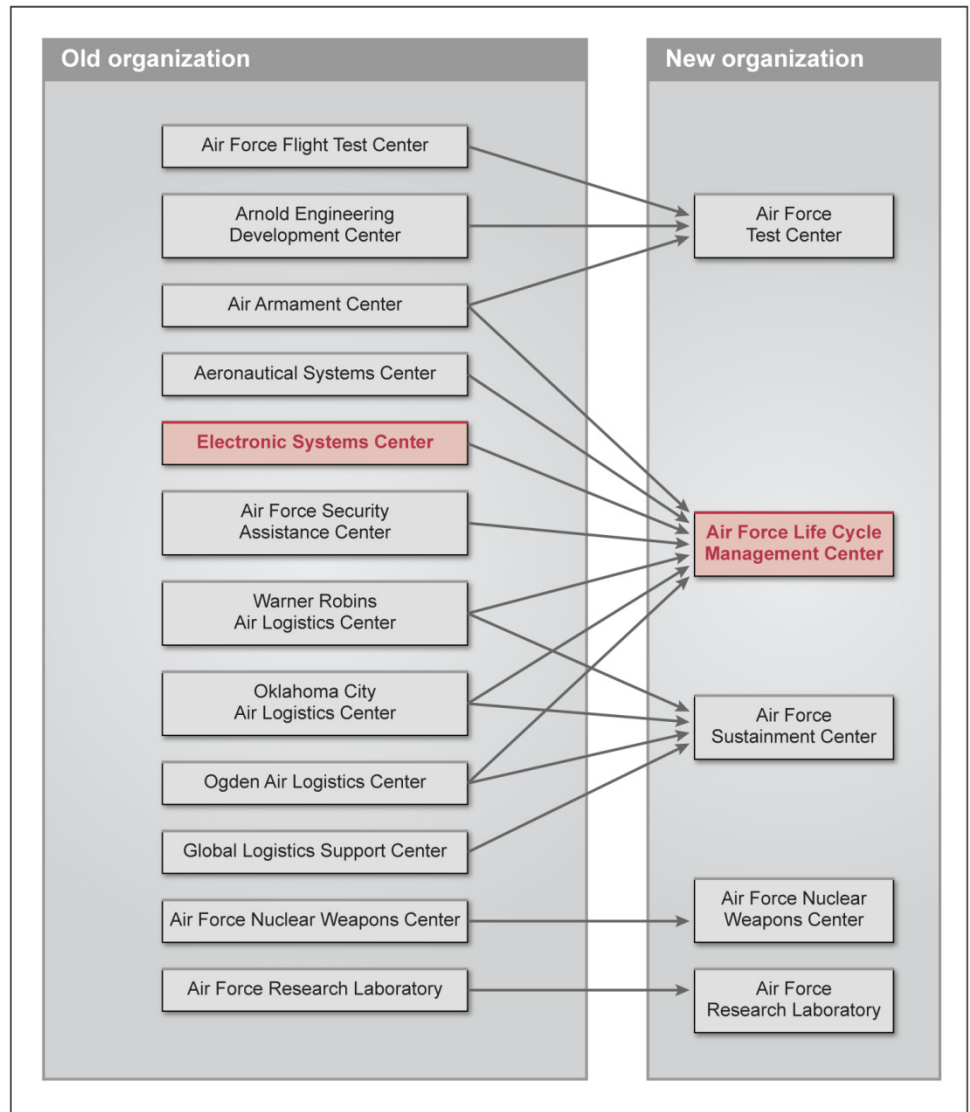
¹¹In September 2012, AFMC had a total workforce of more than 81,000 personnel with civilians making up more than 75 percent of the total.

¹²*Resource Management Decision 703A2* provided for limited exceptions, such as approved growth for certain acquisition positions.

response, AFMC announced a plan for reorganization in November 2011, which was designed to achieve position cuts and produce efficiencies throughout the command. As such, the reorganization eliminated 1,051 civilian positions¹³ and combined the functions of its 12 centers into 5 centers with each center assuming responsibility for one of AFMC's 5 mission areas: (1) science and technology, (2) life-cycle management, (3) test and evaluation, (4) sustainment, and (5) nuclear weapon support. The geographic location where the functions of the former 12 centers were performed generally did not change as a result of the reorganization to the 5 current centers. Figure 1 shows the structure of AFMC before and after the reorganization.

¹³AFMC estimated that these reductions would create savings of approximately \$109 million per year.

Figure 1: AFMC Structure Before and After the Reorganization



Source: GAO analysis of AFMC documents.

Note: The number of positions moving into each center varied and is not included in the figure.

ESC was one of AFMC's 12 former centers, headquartered at Hanscom Air Force Base, Massachusetts. ESC served as the Air Force's center for the development and acquisition of electronic command-and-control systems. Under the reorganization, ESC's functions were consolidated with other centers to become AFLCMC, a center at Wright-Patterson Air

Force Base established in July 2012 with responsibility for total life-cycle management of all aircraft, engines, munitions, and electronic systems.¹⁴ Life-cycle management involves the refinement of product requirements to address existing needs, technology development, system development, production and fielding, and ongoing sustainment of the product.

Hanscom Air Force Base has two directorates that are responsible for the life-cycle management of electronic systems: (1) Battle Management and (2) Command, Control, Communications, Intelligence and Networks. The directorates are led by PEOs who are ultimately responsible for acquisition of the systems in their portfolio and their timely delivery to the customer. To achieve their mission of acquisition and product support, PEOs are supported by system program managers, each of whom has responsibility for the development and design of support systems for a particular electronic system. PEOs are also supported by functional offices, which provide technical services such as acquisition, engineering, financial management, and contracting.

Reorganization Affected Reporting Chains and Workforce Composition, but Did Not Change Acquisition Mission at Hanscom Air Force Base

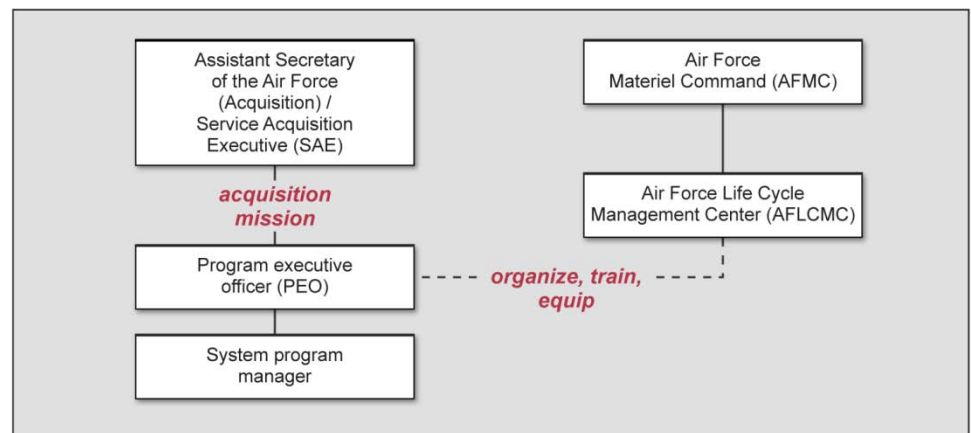
The reorganization affected the reporting chains of command and the workforce composition for some offices, but did not change the acquisition mission at Hanscom Air Force Base.

¹⁴In addition to ESC, the other product centers that merged into AFLCMC were the Aeronautical Systems Center at Wright-Patterson Air Force Base, Ohio, and the Air Armament Center at Eglin Air Force Base, Florida. Also under AFLCMC are the program offices located at Robins Air Force Base, Georgia; Hill Air Force Base, Utah; and Tinker Air Force Base, Oklahoma. Other primary AFLCMC locations include Maxwell Air Force Base, Gunter Annex, Alabama; Kirtland Air Force Base, New Mexico; and Joint Base San Antonio-Lackland, Texas.

Reorganization Affected Reporting Chains of Command and Workforce Composition at Hanscom Air Force Base

The reorganization affected the reporting chains of command and the composition of the workforce for some offices at Hanscom Air Force Base. Specifically, the reorganization affected the reporting chains of command within PEO directorates by inactivating ESC, removing its 3-star Commander, and integrating the former ESC into AFLCMC, a newly established organization led by a 3-star commander at Wright-Patterson Air Force Base. Although Hanscom's two PEOs continue to report to the Air Force's service acquisition executive at the Pentagon in performing their mission related to acquisition of weapon systems and product support,¹⁵ under the reorganization they also support the AFLCMC Commander in organizing, training, and equipping the PEO directorates (see fig. 2).

Figure 2: PEOs' Chains of Command Following the Reorganization



Source: GAO analysis of AFMC documents.

Note: Although PEOs support AFLCMC in its mission to organize, train, and equip the PEO directorates, the AFLCMC Commander does not rate their performance, as indicated by the dotted line. PEOs continue to receive their performance ratings from the service acquisition executive in recognition of their primary role of acquisition and product support.

¹⁵Subject to the authority, direction, and control of the Secretary of the military department concerned, the service acquisition executive for each military department shall carry out all powers, functions, and duties of the Secretary concerned with respect to the department's acquisition workforce. 10 U.S.C. § 1704. The Air Force's service acquisition official resides at the Pentagon, and is the head of the Office of the Assistant Secretary of the Air Force (Acquisition). In this capacity, the service acquisition official is responsible for all Air Force research, development, and space and non-space acquisition activities.

The reorganization also affected the reporting chains of command for system program managers, who support PEOs. Prior to the reorganization, system program managers reported to the PEOs for initial system development, system procurement, manufacturing, and testing of weapon systems. Once the weapon systems matured, the functions of the system program manager transferred to an air logistics center where the system program manager reported to the designated acquisition officials for product sustainment responsibilities. The reorganization eliminated the position of designated acquisition officials and, as a result, system program managers report to PEOs at all stages of the product life cycle, including product sustainment. This change affected the functions of PEOs, who under the reorganization have oversight responsibility not just for the acquisition of the weapon systems, as they did under the old structure, but also for the sustainment and product support of these systems.

Further, the reorganization affected the reporting chains of command for personnel in Hanscom's functional offices. Specifically, functional office personnel at Hanscom Air Force Base—who provide technical services such as acquisition, engineering, financial management, and contracting—previously were managed by locally-based ESC leadership. Under the reorganization, they report directly to senior functional managers at Wright-Patterson Air Force Base.¹⁶ As a result of this change, senior functional managers oversee the flow of funding and task assignments that were formerly managed at individual locations, according to Hanscom's functional office personnel. For example, Hanscom officials said that prior to the reorganization, officials at Hanscom Air Force Base could determine what positions required a top-secret security clearance, whereas since the reorganization senior functional managers at Wright-Patterson Air Force Base make these determinations.

In addition to its effects on the reporting chains of command, the reorganization also affected the composition of Hanscom's workforce by

¹⁶The exception to this reporting chain is the functional personnel at Hanscom Air Force Base who primarily worked for a specific PEO. According to AFMC officials, these functional personnel were incorporated into a PEO-led directorate, and now report directly to their respective PEO heading that directorate.

eliminating about 10 percent of its civilian authorizations.¹⁷ Specifically, the reorganization eliminated 131 of Hanscom's 1,258 civilian authorizations that were comprised exclusively of government positions and did not include contractor positions, according to a Hanscom contracting official. All of these positions were identified by AFMC as overhead. AFMC officials said they targeted overhead positions for elimination, rather than first eliminating vacant positions or making uniform cuts across all centers, in an effort to implement the cuts in a strategic manner. After deciding to focus the cuts on positions identified as overhead, AFMC officials stated that they consulted with all of their product centers to come to an agreement on positions that qualified as overhead.

To achieve these cuts and to avoid an involuntary reduction in force, Hanscom Air Force Base officials used three rounds of the Voluntary Early Retirement Authority/Voluntary Separation Incentive Payments (VERA/VSIP) program¹⁸ and the transfer of eligible personnel to other positions within the base.¹⁹ The incentives under VERA/VSIP were offered either to personnel whose positions were targeted for elimination, or to those whose use of VERA/VSIP would open a position to someone else whose job was targeted for elimination. Of the 131 eliminated positions, 118 were filled and 13 were unfilled at the time of the reorganization in 2012. Of the 118 personnel in filled positions, 15 personnel left through VERA/VSIP, 102 personnel were reassigned to other positions for which they qualified at Hanscom Air Force Base that

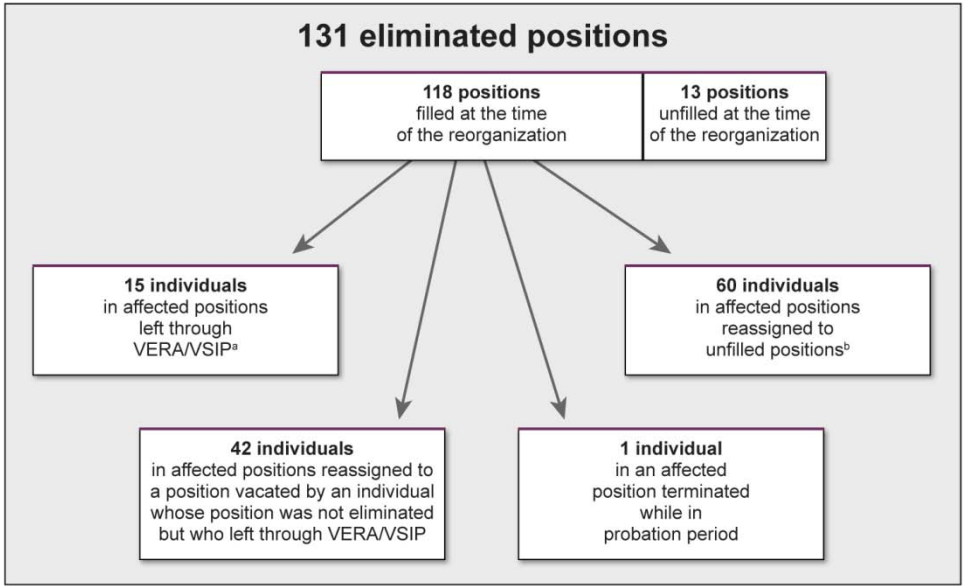
¹⁷This is based on 1,258 civilian authorizations at Hanscom Air Force Base as of May 30, 2011. Authorizations refer to positions, not people who occupy these positions. These data were compiled in December 2012.

¹⁸VERA/VSIP are programs that allow agencies to incentivize surplus or displaced employees to separate by early retirement, voluntary retirement, or resignation. The *Homeland Security Act of 2002*, Pub. L. No. 107-296, §1313(b), authorized these programs under regulations issued by the Office of Personnel Management. The Office of Personnel Management has issued guidance to the agencies stating that these programs may be used when the buyout averts an involuntary separation of the person taking the buyout or another individual who can fill the position that was vacated by the person taking the buyout.

¹⁹VERA/VSIP was implemented to preclude involuntary separation not just from reorganization-specific cuts, but from cuts driven by other initiatives occurring around the same time. One example of such an initiative is the Global Base Support initiative, which is intended to eliminate redundant capabilities between Air Force bases and the communities in which they exist.

either already were vacant or became vacant as the result of other employees agreeing to leave through VERA/VSIP, and 1 person was removed while in a probationary period (see fig. 3).

Figure 3: Outcomes for Personnel in Eliminated Positions at Hanscom Air Force Base



Source: GAO analysis of Hanscom Air Force Base personnel data.

Note: The data on the total positions eliminated, positions filled, and positions vacant were as of June 30, 2012. The data on the outcomes for individuals affected by position cuts were as of November 11, 2012.

^aVERA-VSIP refers to Voluntary Early Retirement Authority/Voluntary Separation Incentive Payments.

^bOf the 60 individuals reassigned to unfilled positions at Hanscom Air Force Base, 52 were reassigned to positions in the same occupational series; 7 were reassigned to positions in a different, but qualified, occupational series; and 1 was reassigned to a lower-grade position due to medical reasons.

Reorganization Did Not Change Acquisition Mission at Hanscom Air Force Base

The reorganization did not change the mission of Hanscom’s directorates that are responsible for the acquisition of electronic systems. Our analysis of documentation from Hanscom and Wright-Patterson Air Force Bases showed that the PEOs responsible for carrying out Hanscom’s acquisition mission have remained at Hanscom Air Force Base and no positions were eliminated within Hanscom’s directorates that are directly involved with the implementation of its acquisition mission. Moreover, both of the PEOs at Hanscom Air Force Base who directly manage the acquisition of weapon systems, as well as system program managers who work for

them, told us the reorganization did not change the processes for carrying out their mission, or change acquisition and fielding processes and timeframes. While the Air Force recently expanded the portfolios of the two PEOs at Hanscom Air Force Base, Air Force officials attributed this change to an unrelated initiative by the Air Force's service acquisition executive. In addition, none of the six customers we interviewed identified any changes in how Hanscom Air Force Base components carry out their acquisition functions, including how they interact with and deliver products to the customer.

Officials Identified Opportunities and Concerns Resulting from the Reorganization at Hanscom Air Force Base

The reorganization resulted in opportunities and some concerns at Hanscom Air Force Base, and AFLCMC has taken steps to facilitate its implementation.

Opportunities at Hanscom Air Force Base from the Reorganization

Officials at Hanscom Air Force Base and Wright-Patterson Air Force Base, as well as Hanscom customers and contractors, stated that the reorganization resulted in opportunities to help strengthen the delivery of products to customers. These opportunities include increased focus on life-cycle management of weapon systems by PEOs, an increase in collaboration of personnel within the restructured AFLCMC, and greater standardization of processes.²⁰

- **Increased focus on life-cycle management.** According to officials at Wright-Patterson Air Force Base and Hanscom Air Force Base, one of the benefits of the reorganization is the focus on life-cycle management achieved by giving PEOs responsibilities over all phases of the weapon system's life cycle. By assuming oversight over all phases of the life cycle, PEOs can more efficiently manage the systems in their portfolio, according to Hanscom's PEOs and system

²⁰Standardization refers to the consistent implementation or application of processes across all AFLCMC locations.

program managers whom we interviewed. For example, one PEO told us that overseeing the system through its entire life cycle has allowed him to be more aware of sustainment-related costs during a system's development, thus bringing the potential for more long-term value to the customer. Further, three of the six customers we interviewed stated that an increased focus on life-cycle management could result in greater efficiencies and value to the customer in the long term.

- **Increased collaboration within the command.** Wright-Patterson Air Force Base and Hanscom Air Force Base officials cited increased opportunities for collaboration as a result of bringing several centers and all of AFMC's PEOs under the command of AFLCMC. For example, the Commander of AFLCMC and both of Hanscom's PEOs stated that the reorganization provided PEOs and their staff with increased opportunities to exchange key information related to products. According to one of the PEOs, the sharing of information is especially important when different PEOs are responsible for products that complement each other, such as products that comprise a single weapon system. Further, senior functional managers at Wright-Patterson Air Force Base said the establishment of AFLCMC enables functional office personnel from different AFLCMC locations to share technical expertise related to weapon systems under their purview, and an engineering official at Hanscom Air Force Base said that she and her counterparts at other AFLCMC locations have become more aware of each others' needs in carrying out duties such as recruiting and hiring personnel.
- **Greater standardization of processes.** AFMC and AFLCMC headquarters officials at Wright-Patterson Air Force Base stated that the reorganization allowed them to standardize processes and avoid duplication associated with each location-based product center maintaining its own set of processes. For example, personnel officials at Wright-Patterson Air Force Base cited the benefits of having a standard process of approving waivers from certain training requirements across AFLCMC. Standardization of processes is one of AFLCMC's six strategic objectives, and the organization has taken steps to promote standardization, including establishing a Process and Standards Board, which led the effort to identify key processes best suited to standardization, such as processes for developing cost estimates by financial management personnel, awarding contracts by contracting personnel, and conducting analysis of information technology systems by engineering personnel. However, a former ESC command staff member expressed concerns about the appropriateness of standardizing certain processes given the

specialized needs of each of the former product centers subsumed under AFLCMC. For example, he said the engineering expertise required to support the development of aeronautical systems at Wright-Patterson Air Force Base is different than the engineering expertise and processes required to support the development of electronic systems at Hanscom Air Force Base.

Concerns at Hanscom Air Force Base from the Reorganization

Current and former Hanscom officials and six contractors we interviewed also raised some concerns associated with the reorganization. These concerns related to: increased workload for functional office personnel at Hanscom Air Force Base due to position eliminations there, process delays resulting from centralization of various administrative processes and actions at Wright-Patterson Air Force Base, officials at Wright-Patterson Air Force Base not having a full understanding of Hanscom's programs, and possible future diminished importance of Hanscom Air Force Base as the center of electronic systems for the Air Force. AFMC and AFLCMC officials said they do not share these concerns and do not agree that these issues reflect significant problems.

Specifically, current and former personnel and contractors we interviewed stated the following concerns.

- **Increased workload.** Functional office personnel at Hanscom Air Force Base said they experienced an increase in their workload due to the reorganization. They said they have had to assume responsibility for the tasks previously performed by personnel whose positions were eliminated. For example, an official providing functional support to one of Hanscom's directorates said her colleague had to review immunization records for personnel within the directorate, a task previously performed by other functional office personnel within ESC. This official said her concern was that such tasks could take time away from her office's primary responsibility of supporting the directorate's acquisition mission. Moreover, functional office personnel said due to ESC inactivation and the subsequent elimination of positions providing ESC-wide functional support, they no longer have the capability to maintain some of the projects previously performed at the ESC level. For example, Hanscom's functional office officials stated they discontinued projects, such as a mentoring program for financial management personnel and a knowledge-sharing online resource for engineering personnel. In response, the AFLCMC Commander said Hanscom Air Force Base retained key functional

expertise on site because it has remained an operating location for functional office personnel under the new structure.

- **Process delays.** In interviews, functional office personnel at Hanscom Air Force Base, system program managers, and two contractors stated that some processes have become more time consuming with senior functional managers at Wright-Patterson Air Force Base approving actions previously approved by ESC leadership at Hanscom Air Force Base. For example, a financial management official at Hanscom Air Force Base said due to the reorganization her office experienced delays in the flow of funds from headquarters at Wright-Patterson Air Force Base, which created concerns about meeting fielding timelines. Similarly, contracting and personnel officials at Hanscom Air Force Base said some processes, such as obtaining waivers from certain standard requirements or filling positions, take longer since they have to wait for approval by AFLCMC headquarters at Wright-Patterson Air Force Base. In the past, officials said these actions could be expeditiously approved by the ESC leadership at Hanscom Air Force Base. A former ESC command staff member stated that these process delays could lead to program decision delays, which could affect the PEOs' acquisition mission. With regard to centralization of approval authority, AFMC and AFLCMC officials said any delays in approval authority have not adversely affected the customers. Moreover, they said standardizing processes will help reduce duplication and is expected to generate greater efficiencies for the customer in the long term.
- **Lack of full understanding of Hanscom's programs.** In interviews, functional office personnel at Hanscom Air Force Base, members of the former ESC leadership team, and two of the seven contractors expressed concerns that AFLCMC personnel at Wright-Patterson Air Force Base, who provide support to all AFLCMC locations, may not have a full understanding of Hanscom's programs. For example, a former ESC command staff member and an engineering official at Hanscom Air Force Base stated that the type of engineering support required for electronic systems is different from the type of support required for other systems that fall under AFLCMC. The engineering official said information technology requirements for airplanes differ from those for electronic systems, and personnel at Wright-Patterson Air Force Base may not have a full understanding of the technical requirements needed to support Hanscom's programs. Similarly, a financial management official at Hanscom Air Force Base said the process of estimating the cost of software applicable to Hanscom's electronic systems is different than the cost-estimating procedures for

other types of products such as aircraft engines. While ESC's former Commander credited AFLCMC's leadership with trying to increase the capacity of Wright-Patterson Air Force Base personnel to support Hanscom's electronic systems, a former ESC command staff member stated it may be more difficult to locate the needed engineering and information technology expertise at Wright-Patterson Air Force Base, which may not have as strong of a relationship with academia in the Dayton, Ohio, area as Hanscom Air Force Base does in the Boston, Massachusetts, region. In addressing the limited understanding of Hanscom's electronic systems programs by Wright-Patterson Air Force Base personnel, AFMC and AFLCMC officials stated senior functional managers at Wright-Patterson Air Force Base do not require specific expertise in electronic systems because the processes, such as personnel and financial management, apply across systems and programs.

- **Possibility of diminished importance of Hanscom Air Force Base in the future.** Hanscom officials and the majority of the contractors we interviewed expressed concerns about the extent of Hanscom's continued importance to the Air Force. They said the inactivation of ESC as a stand-alone center and the removal of a 3-star commander from the base raised questions among Hanscom personnel and contractors whether the base might be susceptible to closure in the future.²¹ Additionally, contractors cited concerns about the loss of an on-site leader who can serve as an advocate for Hanscom's unique role in the acquisition of electronic systems and as a link between Hanscom and the contracting community that supports these programs. Regarding Hanscom's future, the AFLCMC Commander told us that AFLCMC fully recognizes the importance of Hanscom's mission for national defense and plans to retain its core mission implementation functions.

AFLCMC Has Taken Steps to Facilitate the Implementation of the Reorganization

AFLCMC has taken steps to facilitate the implementation of the reorganization across all affected locations, including Hanscom Air Force Base. To help manage the reorganization process, AFLCMC established a governance structure that includes the following entities: the 100-Day Taskforce, which addresses administrative issues that may arise in the

²¹ Any future closure would be subject to the procedures of 10 U.S.C. § 2687, or to consideration as part of the Base Realignment and Closure process were Congress to authorize a new round of Base Realignment and Closure as DOD has requested.

course of the reorganization; the AFLCMC Council, which meets monthly to track performance against the established metrics; and the Standards and Process Board, which convenes as needed to identify ways to standardize processes across AFLCMC. Further, AFLCMC has taken steps to communicate reorganization goals, plans, and progress to stakeholders across the command such as periodic newsletters, teleconferences, and web-based discussion forums. For example, AFLCMC's senior officials said that they hold weekly teleconferences with PEOs at each of AFLCMC's locations, including Hanscom Air Force Base, to better understand the concerns they may be having. AFLCMC also publishes a monthly newsletter that offers a forum for keeping stakeholders informed of issues affecting the new organization, such as the development of new organizational objectives and performance metrics. Other communication mechanisms that AFLCMC officials mentioned include regular visits by the AFLCMC Commander to Hanscom Air Force Base, conferences of personnel across AFLCMC, and encouraging AFLCMC personnel to submit ideas for improvements in the processes of the new organization. In addition, all 10 senior functional managers at Wright-Patterson Air Force Base whom we interviewed²² stated that they use various mechanisms to regularly communicate with the functional office personnel in different geographic locations, such as video teleconferences, computer cameras, and secure video chats.

Hanscom's functional office personnel whom we interviewed had different perceptions regarding the sufficiency of AFLCMC's efforts. Some functional office personnel at Hanscom Air Force Base stated that AFLCMC leadership has been effective in reaching out to them and hearing their concerns. For example, officials from contracting and acquisition offices credited the AFLCMC Commander for making regular visits to the base to discuss the reorganization with the stakeholders and obtain their input. By contrast, other functional office personnel stated existing efforts to address their concerns were insufficient. For example, two functional office personnel told us they have raised concerns with AFLCMC headquarters about the reorganization and its effects at Hanscom Air Force Base—such as hiring rules set by Wright-Patterson Air Force Base that do not reflect the realities of Hanscom's more competitive labor market in the Boston region—and, in their opinion, the

²²These managers represented the following functional areas: acquisition, personnel, engineering, logistics, financial management, and contracting.

leadership did not address them. AFLCMC senior officials said that the various communication mechanisms that they have put in place allow them to obtain and address concerns from stakeholders across each location affected by the reorganization.

Effects of the Reorganization Are Not Yet Known, and AFLCMC Has Developed Metrics to Measure How It Is Meeting Customers' Needs

The effects of the reorganization on Hanscom's core mission of delivering electronic systems to customers are not yet fully known, and AFLCMC has developed metrics to measure how it is meeting customers' needs.

Effects of the Reorganization Are Not Yet Known

The effects of the reorganization on Hanscom's core mission of delivering electronic systems to customers are not yet known, as it is too early to assess changes resulting from the reorganization; also multiple factors unrelated to the reorganization may affect mission implementation. Given that the reorganization went into effect on October 1, 2012, AFLCMC's Vice Commander, system program managers, and various functional office personnel at Hanscom Air Force Base stated it is too early to know the reorganization's effects on Hanscom's ability to meet customer needs. One customer told us it could take several years for his office to discern the effects, if any, from the reorganization, such as changes in Hanscom's ability to deliver on schedule. Five contractor representatives also stated they have not experienced changes in their relationships with Hanscom Air Force Base as the result of the reorganization, and four of them noted it is too early to know the effect of the reorganization on the contractor community.

AFMC and AFLCMC officials also stated that it is difficult to attribute to the reorganization any changes in how Hanscom Air Force Base is meeting its customers' needs because of multiple external factors that can affect mission, such as budget changes and decisions made at the Air Force's headquarters and at DOD levels. In addition, when these factors occur nearly simultaneously, it may be difficult to attribute the effects to any particular factor. They said the reorganization at Hanscom Air Force Base coincided with a number of other initiatives affecting the base, all of which could potentially affect Hanscom's ability to meet the

needs of its customers. For example, the Air Force restructured the portfolios of PEOs and placed two rather than three PEOs at Hanscom Air Force Base effective July 2012, a decision that two customers told us could affect PEOs' responsiveness to the customer. The change in PEOs' portfolios was during the time that ESC was inactivated as part of the reorganization. Another change involved the reduction in the level of contractor support at Hanscom Air Force Base, which was driven by multiple initiatives, unrelated to AFMC's reorganization, such as the Office of the Secretary of Defense Comptroller's *Resource Management Decision 802*.²³ For example, two of the seven contractors we interviewed reported cuts in their number of contracts with Hanscom Air Force Base, but AFMC and AFLCMC officials stated that such cuts were not related to the reorganization and were driven by other factors, such as the budgetary pressures faced by the Air Force and DOD.

AFLCMC Developed Metrics to Measure How AFLCMC is Meeting Customers' Needs

AFLCMC established objectives and associated metrics to assess how it is organizing, training, and equipping program offices to fulfill their core mission of delivering electronic systems to the customer. These metrics are designed to measure how AFLCMC is meeting customer needs, rather than the effects of the reorganization itself. However, officials said that by assessing acquisition processes and outcomes, the metrics will provide information on how well the reorganization is working. AFLCMC relied on the expertise of its acquisition and product support leaders in developing the metrics. Specifically, AFLCMC assigned each of its six objectives to a team of senior officials, giving each team the responsibility for developing the metrics for an assigned objective and for tracking the metrics to assess attainment of the objective.²⁴ Senior AFLCMC leaders said that the teams will report on their progress during monthly meetings of the AFLCMC Council, discussing initiatives in support of their assigned objective and the need for any adjustments to the metrics.²⁵ As of

²³Secretary of Defense, *Resource Management Decision 802*, April 8, 2009, decreased funding for contract support to reduce government reliance on contractors performing functions that could be performed by government personnel.

²⁴Five of the six teams are led by a PEO (including one of Hanscom's two PEOs) and a senior functional official, and one team is led by the Commander of the 66th Air Base Group at Hanscom Air Force Base and the Commander of the 88th Air Base Wing at Wright-Patterson Air Force Base.

²⁵The AFLCMC Council, chaired by the AFLCMC Commander, is made up of the organization's senior leaders and oversees progress toward the six objectives. It will meet on a monthly basis, according to AFLCMC officials.

February 2013, the metrics had been approved by AFMC. Table 1 shows the objectives and what the related metrics are intended to measure. A detailed list of AFLCMC's metrics is provided in appendix II.

Table 1: AFLCMC's Objectives and What Related Metrics Are Intended to Measure

Objectives	What the related metrics are intended to measure
Deliver cost-effective acquisition solutions	Metrics designed to measure whether AFLCMC is meeting customer needs with regard to cost, schedule, and performance of acquisition programs.
Deliver affordable and effective product support	Metrics designed to measure whether delivered weapon systems are available for the use of the warfighter today and whether a comprehensive product support strategy is in place to ensure long-term availability.
Launch high-confidence, sustainable programs	Metrics designed to measure AFLCMC's ability to plan for and begin new programs with confidence that they will meet cost, schedule, performance, and product support criteria agreed upon with the customer.
Standardize and continuously improve center processes	Metrics designed to measure the level of process standardization across AFLCMC.
Develop and place right person at right time	Metrics designed to measure AFLCMC's ability to organize, train, and equip the directorates to implement AFLCMC's acquisition and product support mission.
Assure a safe, secure, and quality work environment	Metrics designed to measure how well the work environment is supporting the implementation of the acquisition mission, such as the integrity of computer infrastructure and the safety of the work environment.

Source: GAO analysis of information from AFLCMC.

According to AFLCMC officials, these metrics generally are based on the data that have long been collected at the program or directorate levels; they will be aggregated for all programs within AFLCMC to show how well the new organization is meeting its objectives. AFLCMC senior officials said such aggregated measures will allow them to examine trends across the organization, as well as identify specific areas within the organization where improvement may be needed in organizing, training, or equipping AFLCMC components to better meet customer needs. For example, although program offices have always looked at schedule achievement, the new schedule achievement metric will aggregate this information across all program offices, identify which area of the organization may be lagging behind, and serve as an indicator of whether AFLCMC is fulfilling its responsibilities of assisting program offices with setting realistic acquisition schedules.

Hanscom's stakeholders generally agreed that metrics focused on acquisition outcomes—rather than on the reorganization—are adequate measures of how well Hanscom Air Force Base is fulfilling its mission of meeting the needs of its customers. For example, Hanscom's system program managers, as well as five of its customers, said the key metric of

the reorganization's success is the continuous ability of Hanscom Air Force Base to deliver capabilities to the customer on time, on cost, and within existing regulations and specifications—all of which the new metrics are designed to capture.²⁶

AFLCMC senior officials said AFLCMC began data collection for the new metrics in February 2013, with measures to be continuously tracked by individual offices and aggregated monthly at the AFLCMC level. AFLCMC intends to rely on existing data systems to minimize the data collection burden, and they have undertaken a number of initiatives, such as enhancing existing information technology tools, to allow data to be aggregated at the AFLCMC level.

Agency Comments

We requested comments on the draft of this report from DOD. The department provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to appropriate congressional committees; the Secretary of Defense; the Chairman, Joint Chiefs of Staff; the Secretary of the Air Force; the Commander, Air Force Materiel Command; and the Commander, Air Force Life Cycle Management Center. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

²⁶A functional official at Hanscom Air Force Base cautioned, however, that these metrics cannot be the sole measure of the reorganization's effects because, given their focus on the acquisition processes, they may not be able to capture some of the other effects of the reorganization, such as the effect on functional office personnel who are not directly involved in the delivery of products to the customer.

If you or your staff have any questions concerning this report, please contact me at (202) 512-6912 or by e-mail at gablerr@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink that reads "Rebecca Gambler". The script is cursive and fluid, with the first name and last name clearly distinguishable.

Rebecca Gambler
Director
Defense Capabilities and Management

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Appendix I: Organizations Contacted

To conduct our review of the reorganization of the Air Force's Electronic Systems Center (ESC) at Hanscom Air Force Base, we visited or contacted the organizations shown in table 2.

Table 2: Organizations Contacted

Organization	Location
Air Force	
<ul style="list-style-type: none">Office of the Assistant Secretary of the Air Force (Acquisition)Former senior leaders of ESC (Commander, Vice Commander, and Executive Director)	Arlington, VA
Air Force Materiel Command (AFMC)	
<ul style="list-style-type: none">AFMC senior leadershipAFMC functional areas<ul style="list-style-type: none">EngineeringLogistics and Sustainment	Wright-Patterson Air Force Base, OH
Air Force Life Cycle Management Center (AFLCMC)	
Wright-Patterson Air Force Base	Wright-Patterson Air Force Base, OH
<ul style="list-style-type: none">AFLCMC senior leadershipAFLCMC functional areas<ul style="list-style-type: none">AcquisitionContractingEngineeringFinancial ManagementPersonnelPlans and Programs	

Appendix I: Organizations Contacted

Organization	Location
Hanscom Air Force Base	Hanscom Air Force Base, MA
<ul style="list-style-type: none"> Battle Management Directorate <ul style="list-style-type: none"> Program Executive Officer (PEO), System Program Managers, and functional office personnel supporting the directorate Command, Control, Communications, Intelligence and Networks Directorate <ul style="list-style-type: none"> PEO, System Program Managers, and functional office personnel supporting the directorate Functional Areas <ul style="list-style-type: none"> Acquisition Contracting Electronic Systems Development Division Engineering Financial Management Logistics Personnel 66th Air Base Group 	
Contractors	
<ul style="list-style-type: none"> Boeing Jacobs Technology Massachusetts Institute of Technology Lincoln Laboratories Oasis Systems Quantech Services Inc. Raytheon The MITRE Corporation 	<ul style="list-style-type: none"> Lexington, MA Lincoln, MA Lexington, MA Lexington, MA Lexington, MA Burlington, MA Bedford, MA
Customers	
<ul style="list-style-type: none"> Air Combat Command Air Education and Training Command Air Mobility Command Directorate of Security Forces, Air Force Logistics, Installations and Mission Support (A7S) Intelligence, Surveillance, and Reconnaissance Capabilities Directorate, Air Force Intelligence Surveillance and Reconnaissance (A2C) Space and Missile Systems Center, Air Force Space Command 	<ul style="list-style-type: none"> Langley Air Force Base, VA Randolph Air Force Base, TX Scott Air Force Base, IL Arlington, VA Arlington, VA Los Angeles Air Force Base, CA
Others	
<ul style="list-style-type: none"> The RAND Corporation, Project Air Force University of Massachusetts Donahue Institute 	<ul style="list-style-type: none"> Arlington, VA Hadley, MA

Source: GAO.

Appendix II: AFLCMC's Objectives and Associated Metrics

In examining the extent to which the Air Force Life Cycle Management Center (AFLCMC) developed metrics to measure how well it is meeting the needs of the customer, we obtained the objectives and the associated metrics developed by AFLCMC. Table 3 presents a summary of AFLCMC's six objectives and the associated metrics to measure performance against each of these objectives.

Table 3: AFLCMC's Objectives, Metrics, and What They Measure

Metric	What it measures
Objective 1: Deliver cost-effective acquisition solutions	
Cost variance indexed to initial acquisition program baseline	Compares the program manager's current cost estimates with the initial cost estimates.
Cost variance indexed to current acquisition program baseline	Compares the program manager's current cost estimates with the most recently approved documented cost estimates.
Schedule achievement	Percentage of programs that are more than 3 months behind in meeting their upcoming acquisition milestone.
Deliveries	Percentage of programs meeting their planned delivery schedules.
Objective 2: Deliver affordable and effective product support	
System availability	Percentage of the total assets within a given weapon system that are available for use.
Logistics Health Assessment completion rate	Percentage of large programs that completed this web-based tool for assessing the status of and plans for 12 product support elements, such as supply and support equipment.
Objective 3: Launch high-confidence sustainable programs	
Program Sufficiency Review completion rate	The number of Program Sufficiency Reviews completed versus the total number planned. This measure is designed to examine factors that are common indicators of program success, such as technical and manufacturing readiness.
Development Planning Return on Investment	Return on investment, which is computed by dividing the cost avoided by the cost of conducting development planning ^a for the program.
Objective 4: Standardize and continuously improve the center's processes	
Processes completed versus planned	Progress over time toward standardizing AFLCMC processes, as compared to AFLCMC plan for process standardization.
Objective 5: Develop and place right person at right time	
Length of time that key execution positions remain vacant	The time to fill positions that program executive officers identify as "key execution positions" compared to the time to fill other positions.
Execution of civilian employment plan	The ratio of full-time-equivalent hours used to the full-time-equivalent hours planned to accomplish the mission.

Appendix II: AFLCMC's Objectives and Associated Metrics

Metric	What it measures
Objective 6: Assure a safe, secure, and quality work environment	
Number of vulnerabilities per computer	Average number of vulnerabilities identified per computer to assess information assurance and network availability.
Mishap rate and proactive risk assessment via surveys	Rate of workplace accidents across AFLCMC and the prevalence of proactive accident reduction strategies.

Source: GAO analysis of information from AFLCMC.

^aDOD defines development planning to include engineering analysis and technical planning activities that provide the foundation for informed investment decisions to effectively and affordably meet operational needs.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Rebecca Gambler, (202) 512-6912 or gambler@gao.gov

Staff Acknowledgments

In addition to the contact named above, GAO staff who made key contributions to this report include Mark A. Pross, Assistant Director; Natalya Barden; Jennifer Cheung; Rajiv D'Cruz; Greg Marchand; Travis Masters; Richard Powelson; Amie Steele; Sabrina Streagle; and Elizabeth Wood.

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